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Broadcasting Jul 2

Incorporating Broadcasting / Cable 59th Year 1990

RADIO / 32
Prospecting for gold in multi-cultural broadcasting

TELEVISION / 27
New York heats up: stations battle for bigger bite of Apple

CABLE / 37
The maturation of MTV: going beyond music videos

SATELLITE / 58
ABC, PBS get their acts together for DBS

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Vol. 119 No. 1

SUPREME COURT

HOUSE'S TURN

THIS WEEK

19 / LENGTHENING LINE ON CABLE REREGULATION

The House Telecommunications Subcommittee passed a tough cable reregulation bill that is at least as onerous as the version pending in the Senate. Of some consolation to the cable industry was a provision that recognizes exclusivity and a must carry/channel positioning compromise that is less stringent than the Senate language and could bring an end to broadcaster-cable public policy wars. A chart detailing the differences between the House and Senate bills is on page 20.

22 / PRIME TIME, UP FRONT

The three networks and Fox pulled in roughly $4.35 billion in the prime time upfront market, an 8.7% increase over last year's $4 billion. NBC took in $1.5 billion; ABC $1.4 billion; CBS $900 million, and Fox—with more programing to offer over last year—$550 million. Prime time ad inventory among the three networks will also be up compared to last year. Despite all the noise about guarantees, it appears that most deals came off without any problems.

House Telecommunications Subcommittee Chairman Ed Markey

23 / MORE MOBILITY IN NETWORK SPORTS RIGHTS

There were changes in the network television sports rights picture last week, as Big Ten Conference basketball and the PGA Championship left ABC for CBS, and the Southeastern Conference made its first network basketball deal with ABC.

24 / CBS AFFILIATES MEET

CBS and its affiliates kept cool in Los Angeles during that network's annual affiliate meeting, discussing issues ranging from station participation in any revenue earned by CBS if and when the financial interest and syndication rules are relaxed, to affiliates' concerns about the network's plans for prime time and late night. Larry Tisch, chairman and chief executive officer, CBS Inc., also took the opportunity to say he was "committed to CBS," amid rumors that he has been holding discussions with Disney about a possible sale of the network.

25 / COURT MAKES MINORITY PREFERENCES LAW OF THE LAND

The Supreme Court, in a surprise decision, affirmed two FCC policies aimed at promoting minority ownership of broadcast properties. The court held that the policies do not violate the Constitution's equal protection guarantee. The vote was 5-4.

27 / NEW YORK TV MARKET HEATS UP

Those keeping track of the New York television market, the nation's largest in audience delivery (but second to Los Angeles in revenues), say competition next fall, particularly among independent stations, will be the most intense in more than a decade. The expansion of the Fox network explains part of the changing competitive situation in New York. Management switches at all three independents and the strategies of the new managers explain much of the rest.

30 / 'INSIDE REPORT' CANCELED

Lack of clearance renewals from 61 client stations influenced the decision to cease production Sept. 14 of reality strip *Inside Report*, produced by WSVN-TV Miami and distributed by MCA TV. The show will not be offered in the first-run market next fall.

32 / MULTI-CULTURAL RADIO

NonEnglish language, nonHispanic formatted ethnic radio often reaches very large, diverse and loyal audiences. But these stations aren't showing up in the rating books. And although local advertisers are their bread and butter, station operators would like to see recognition from more mainstream businesses and national advertisers.

35 / RADIO JOINT VENTURE

The Financial News Network and Unistar Communications Group have entered into an agreement under which Unistar Radio Networks will distribute and market the programing of the FNN Business Radio Network. Unistar will handle all ad sales and affiliate relations functions for the network.

37 / MORE LOCAL NEWS

NBC affiliate KETK-TV Jacksonville, Tex., area cable operators and *The Longview Daily News* have formed an unusual arrangement set to launch Aug. 1 in Longview, Tex. In an effort to provide local news, the three media are cooperating in a localized newscast inserted on KETK-TV and distributed to cable subscribers.

38 / ANOTHER MSO STRIKES BACK

Continental Cablevision, citing among other things its local programing track record in New Hampshire, requests CBS affiliation for its Concord, N.H., system, as well as for other systems in the state. It's a continuation of the cable industry's effort to make a point on program exclusivity.

39 / MORE MTV

Although MTV's ratings have never returned to the levels of several years ago, the service's mix of music videos and original programing continues to produce strong bottom line numbers that would be the envy of many other cable networks.

42 / APPEALS COURT ACTION

The U.S. Court of Appeals signals its rejection of a challenge by Action for Children's Television and the Office of Communication of the United Church of Christ of the FCC policy of not requiring station applicants to provide public service plans.

Laurence Tisch makes commitment to CBS

42 / HOUSE CAN'T GIVE ENOUGH TO USIA

The U.S. Information Agency's appropriation request for fiscal 1991 was enhanced on the House floor last week. A recommendation that the USIA receive $990 million—some $4 million more than the budget request—was approved.

45 / GAMBLING ON INDEPENDENTS

Although network affiliates may be a safe equity bet, it appears that buyers are gambling on independent stations, where there is more room for growth. As one investment analyst said: "The station trading picture is bleak everywhere, but there seems to be more upside with these independents."

53 / EAST GERMAN VIEW

As the two Germanys move toward unification, preparations are underway for a merger of the two countries' radio and TV services, to the dismay of East German staffers. They had hoped theirs could remain independent. Now they have another worry, as federal funding for their services runs out.

56 / DIGICIPHER PRECERTIFIED

General Instrument Corp.'s DigiCipher, the proposed first all-digital HDTV terrestrial transmission system, won unanimous precertification for testing and is now of equal status with the six earlier proposed systems to the FCC's advisory committee on advanced television service.

57 / NAB WOULD NIX DAB BY SATELLITE

The NAB radio board has taken a hard line against the establishment of satellite-delivered national digital audio broadcasting services, which could be damaging competitors to current AM and FM stations. Of the two current U.S.-backed companies planning to provide national satellite radio, one (Satellite CD Radio Inc.) would like to reach a compromise with the NAB; the other (Radio Satellite Corp.) calls NAB's policy "a pure anticompetitive response."

79 / BIGGER IS BETTER FOR CHYRON

Isaac Hersly has watched Chyron Corp. grow from a single-product company into a multi-subsidiary group. As president of the company, Hersly is continuing its philosophy of expansion. The Chyron Group today is among the world's top manufacturers and marketers of video graphics products.

INDEX

Advertisers Index	78
Business	45
Cable	37
Changing Hands	48
Classified Advertising	67
Closed Circuit	8
Datebook	14
Editorials	82
Fates & Fortunes	75
Fifth Estater	79
For the Record	59
In Brief	80
International	53
Masthead	16
Monday Memo	17
Open Mike	16
Programing	27
Radio	32
Satellite	58
Stock Index	50
Technology	56
Top of the Week	19
Washington	42

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Incorporating

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RATINGS ROUNDUP

For the 37th time in 40 weeks, NBC has captured the weekly ratings race, while CBS after a two-week run in second, slipped back to number three. For the week ending June 24, NBC averaged a 10.3 rating and 20 share, winning Tuesday, Wednesday, Thursday and Saturday nights; ABC scored a 9/18 for the week, capturing Friday, and CBS averaged an 8.8/17, winning Sunday and Monday.

Fox's *The Simpsons* and *Married...With Children*, which burst into the top five two weeks ago, dropped to 11th and ninth, respectively. The top five programs for the week were *Cheers* (NBC), *Roseanne* (ABC), *The Cosby Show* (NBC), *Empty Nest* (NBC) and *60 Minutes* (CBS).

Week 39 **June 18–June 24**

1st column tells rank, 2nd column tells position compared to last week: ▼-Down in rank from last week, ▲-Up in rank from last week, ■-Premiere broadcast. 3rd column tells rating, 4th column tells network, 5th column tells show.

1	▲	15.1/28	N	Cheers
2	▼	15.0/27	A	Roseanne
3	▲	13.9/29	N	Cosby
4	▲	13.8/29	N	Empty Nest
5	▲	13.6/32	C	60 Minutes
6	▲	13.5/30	N	Golden Girls
7	▲	13.4/24	A	Coach
7	▼	13.4/24	F	Married...With Children
7	▲	13.4/24	N	Seinfeld
10	▼	13.3/27	N	A Different World
10	▼	13.3/23	C	Designing Women
10	▼	13.3/25	F	Simpsons
13	▲	13.2/25	N	Unsolved Mysteries
14	▲	12.6/23	F	In Living Color
15	▲	12.5/24	C	Rescue: 911
16	▼	12.2/24	N	L.A. Law
16	▲	12.2/23	N	Sun. Movie: Knows Much
16	▲	12.2/25	A	20/20
19	▲	12.1/21	C	Murphy Brown
20	▲	12.0/26	A	Full House
21	▼	11.9/24	A	Amer. Funniest Videos
22		11.8/25	A	Family Matters
22	▲	11.8/21	C	Newhart
24	▼	11.7/21	N	Heat of the Night
25	▲	11.3/20	A	Doogie Howser, M.D.
26	▼	11.2/21	N	Midnight Caller
26	▲	11.2/22	C	Murder, She Wrote
26	▼	11.2/20	N	Movie: Stranger/Bed
26	▲	11.2/23	A	Perfect Strangers
30	▼	11.0/20	A	Wonder Years
31	▲	10.8/23	N	Hunter
32	▼	10.6/20	N	Matlock
33	▲	10.3/19	A	Head of the Class
34	▲	10.2/20	A	Growing Pains
35	▼	10.1/20	A	Who's the Boss?
36	▲	9.9/19	A	Equal Justice
37	▲	9.8/17	A	Movie: Flamingo Kid
37		9.8/18	C	Movie: Penalty Phase
39	▼	9.7/19	C	Major Dad
40	▲	9.6/19	C	48 Hours
40	▼	9.6/19	A	Macgyver
42	▲	9.5/17	N	Dear John
43		9.4/19	A	Dr. Ruth's House
44	▼	9.1/17	C	Sydney
45	▼	9.0/17	C	Sunday Movie: Bridge
45	▲	9.0/18	N	Quantum Leap
47	▲	8.9/17	C	Dave Thomas Show
48	▲	8.8/16	N	Hogan Family
48	▲	8.8/16	C	Jake and the Fatman
50	▼	8.7/18	C	Movie: Mike Hammer
50	▲	8.7/16	F	Live/Greatest Stunts
52	▲	8.4/15	A	Brewster Place
53		8.3/16	A	thirtysomething
54	▼	8.1/15	N	Singer & Sons
54		8.1/16	C	Wolf Special
56	▼	7.9/15	A	Sunday Movie: Star Trek II
56		7.9/18	N	Amen
56	▲	7.9/16	A	Father Dowling
59		7.8/16	N	Bodyguard
60	▲	7.4/16	A	Mystery Movie: Stryker
60		7.4/15	N	ALF
60	▲	7.4/16	N	Baywatch
60	▼	7.4/14	A	Young Riders
64		7.3/15	N	Hardball
65	▲	7.1/15	F	Amer. Most Wanted
66		6.9/16	N	227
67		6.8/13	C	Sporting Chance
68		6.7/14	N	Disney: Brand New Life
69	▼	6.4/15	A	Super Jeopardy!
70	▼	6.3/14	A	Monopoly
70	▲	6.3/15	C	Paradise
72		5.5/10	F	Booker
73	▲	5.4/13	F	Cops
74	▲	5.3/12	A	Life Goes On
75		5.2/11	C	Snoops
76		5.1/10	C	America: C. Brown
76	▲	5.1/12	F	Totally Hidden Video
78	▼	4.9/11	C	Beauty & The Beast
79		4.8/9	C	Normal Life
79	▼	4.9/10	C	Tour of Duty
81		4.7/9	A	Koppel Report
82	▼	4.3/8	F	21 Jump Street
83	▼	4.0/7	F	Alien Nation
84	▼	3.2/7	F	Outsiders
85	▼	2.6/6	F	Open House
86	▼	2.3/5	F	Tracey Ullman

FREEZE FRAMES: Syndication Scorecard * **Week ended June 17**

Rank	Program (Syndicator)	Rtg	Stns	Covg	Rank	Program (Syndicator)	Rtg	Stns	Covg
1	Wheel of Fortune, syn. (King World)	12.0	231	98	9	Wheel of Fortune, wknd. (King World)	6.5	208	90
2	Jeopardy! (King World)	10.6	218	98	10	Portfolio XIII (Paramount)	6.4	175	93
3	Star Trek: Next Generation (Paramount)	10.2	233	98	11	Donahue (Multimedia)	5.9	227	98
4	TV Net Movie (Tele Trib)	9.9	194	95	12	Case/Shooting Star (Viacom)	5.8	154	89
5	Oprah Winfrey (King World)	8.3	217	99	13	Geraldo (Tribune)	5.6	190	98
6	Cosby Show (Viacom)	7.1	202	97	14	People's Court (Warner Bros. Dom. TV)	4.9	182	92
6	Current Affair (20th Century Fox TV)	7.1	194	97	15	Mama's Family, syn. (Warner Bros. Dom. TV)	4.6	176	91
6	Entertainment Tonight (Paramount)	7.1	179	96	15	Orion Galaxy Network (Orion)	4.6	126	89

* Nielsen weekly pocketpiece

Source: Nielsen and Broadcasting's own research.

RADIO

WJVU(AM) Dunedin, Fla., helps the Odyssey Greek folk dancers at the Fun and Sun parade in Clearwater

ETHNIC RADIO LOOKS FOR MAINSTREAM AD APPEAL

Stations programing multi-cultural niche formats may be programed directly by operator, brokering time to independent producers, or combination of two; formats have loyal listeners; but without ratings, it is difficult to convince advertisers of benefits

Multi-cultural niche radio programing has been thriving quietly on the sidelines of the industry for many years. According to the BROADCASTING YEARBOOK, 59 stations program some sort of non-English-language, non-Hispanic format. Many of these stations have evolved over the years from programing one hour of foreign language broadcasts to full-time airing of multi-cultural programing. The driving force behind these stations has been the diverse enclaves of ethnic groups that cluster thoughout the various areas of the U.S.

Multi-cultural stations may be programed directly by the operator, by brokering time to independent producers, or by some combination of the two. Local advertisers are the bread and butter of these stations, but operators would like to see recognition from more mainstream businesses and national advertisers.

Audiences for these stations are not usually represented in either Arbitron or Birch numbers, thus making it tough to sell the stations to mainstream businesses. But listener participation in out-of-station events and their interaction with the stations—via call-ins and time spent listening—indicate that stations have loyal and large followings.

A case in point is WEEF(AM) Highland Park, Ill. (Chicago). Myra Winston, administrative manager of the 1 kw daytime-only station, said the station has programed an Italian format for 28 years. "From the time we went on the air, we started a small program, and gradually, over the years, it grew. Eventually we ended up with 12 or 15 hours a week," she said. WEEF also brokers time to several Italian producers, "independent brokers" who purchase blocks of time from the station and put on their own programing. The end result includes news and music from Italy. On many occasions, said Winston, the programs are broadcast in English as "an explanation or to teach." The station programs local news as well as news from Italy.

The station also carries Greek, Romanian, Russian, Indian, Jewish and Assyrian blocks of programing. According to Winston, some of the programs alternate from one week to the next, sometimes one week per dialect. And in addition to providing the station with programing, the independent producers assume the responsibility of finding, placing and billing advertisers.

Said Winston: "We are reaching a very large, diverse community that has not been covered in broadcast program-

ing. There are still large blocks of minorities who want to retain their language and culture not only for themselves but also for their children."

As an example of the station's loyal listeners, Winston said: "We have a group here right now that has been on 10 years—the Assyrians. They celebrate a unity day and we did a remote from that. using cellular phones."

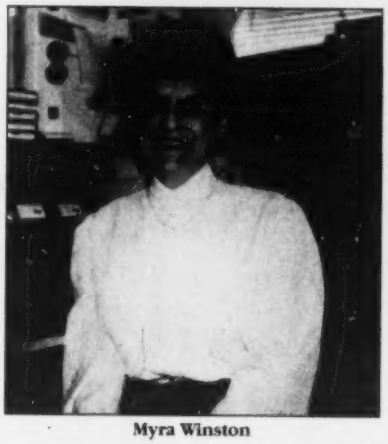
Another advantage of using independent producers, she said, is that they keep the station current on what is happening in the diverse communities. It allows the station to make timely public service announcements and interview the appropriate local figures. The station also invites guests from Italy to be on the air and has even sponsored a grape stomping.

"We don't participate in any of the ratings," said Winston. "We don't need to—we just know that within the Chicago suburban and metropolitan area that there are certain ethnic groups that have their own community. They always seem to know which programs will reach those areas and those are the ones that approach us."

The main area of coverage for the station is Highland Park and the community of Highwood. Escalating costs of doing remote broadcasts have reduced the station's ability to be everywhere it would like to be, said Winston. In the past, she said, they had always covered the annual parade in Highwood. "Now the parade has gotten much smaller, and more costly," she said. "We really can't afford to do it anymore. Costs have escalated 75% from what they used to be, and with the parade shrinking, we have trouble getting the underwriting for the remote."

There are more than 250,000 Greek-Americans living in the Tampa Bay area, according to Angelo Angelatos, program director for WLVU(AM) Dunedin, Fla. "We have over a million listeners in total," he said. "Our daily talk show in the morning receives over 200 phone calls every day." The station just sponsored an Epiphany Day Festival, said Angelatos, and more than 50,000 people attended.

Angelatos said that the station doesn't show up in the ratings books. "We don't show up in the ratings because of the way they [the rating companies] do the ratings. They don't count the ethnic population," Angelatos said. But the station, according to Angelatos, is "well supported" by the local businesses. "The only thing we try to get and don't are the bigger accounts like Coca-Cola, 7-Up, K



Myra Winston

mart—they don't realize how good and effective ethnic radio stations are," he said.

He added: "We try to tell them we have the marketplace because those Greek-Americans are not going to listen to a mainstream radio station."

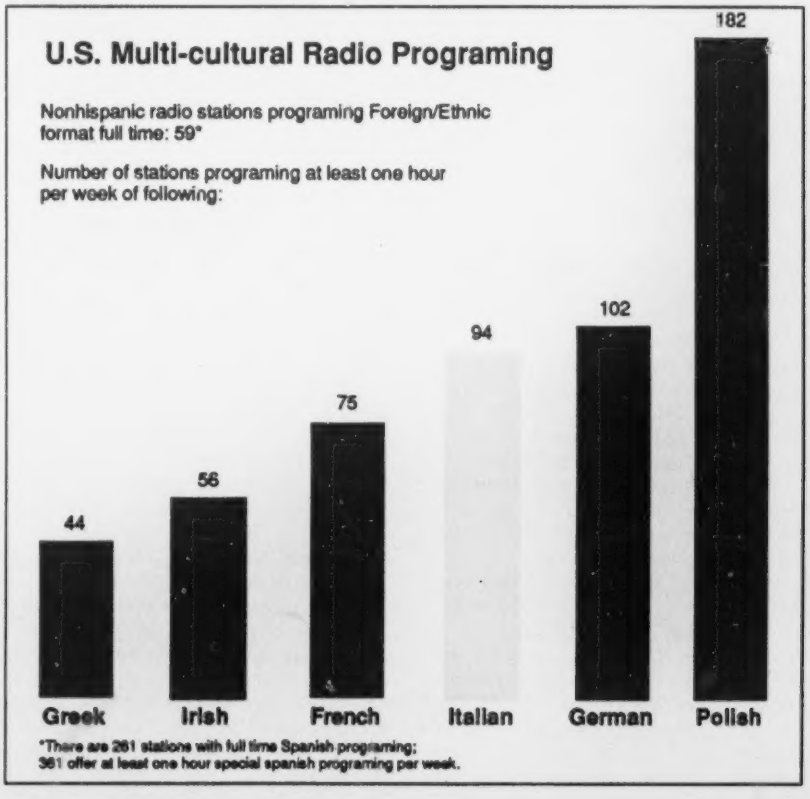
In Angelatos's estimation, "ethnic programing is a big market in the United States, but many of the advertisers don't know how to market to those groups." He noted that "the communities are there, but not the radio stations." Greek Voice Radio, the moniker for the station, is actively looking for financial backing to uplink its programing onto a satellite. Angelatos believes there is a national market of seven million underserved Greek-Americans that would listen to the station's programing.

One of the underlying goals of the station, said Angelatos, is to "help Greek-Americans be more American." The station broadcasts many hours of public affairs programing, including advice on obtaining United States citizenship and directing listeners to the right offices for legal and governmental affairs.

Said Angelatos: "We tell them what is going on, we explain to them what they have to do. We do a talk show every day between 5:30 a.m. and 8 a.m. People can call in with questions—it is in Greek. We feature the local politicians, the Mayor, and we get a lot of response from listeners and advertisers alike," he said.

The station also tries to cater to the American listener with an affinity for Greece, said Angelatos. "We have a program featuring Greek music, but the announcers speak in English. Many of our American listeners remember the music from being stationed with the military in Greece."

In an unusual arrangement, Angelatos



said that the station has just concluded talks with the Voice of America, to receive half an hour of programing from them a week. "They promised us they are going to do it," he said.

Herminio Quadros, assistant manager of Portuguese-formatted KLBS(AM) Los Banos, Calif., told BROADCASTING that "the political activity in Portugal is our main issue. We let the Portuguese immigrants know what is going on in their country."

"We run the station the same way stations are run in Portugal," said Quadros, "because most of our employes came from Portugal." But, he noted, we are members of the National Association of Broadcasters and stay current with what is going on in the business."

The station programing includes newsfeeds from LUSA, the Portuguese news agency, and music from Brazil and Portugal. "We also sell time to 10 different contractors," said Quadros, "who happen to be Portuguese and they put their product on the air."

Financially, the station is doing well, said Quadros: they have managed to attract some car dealers and some national advertisers. "However," he added, "it is extremely difficult for us to convince the national advertisers, because they want statistics and numbers. Our listeners are not represented in those numbers.

"It is not an easy sell," said Quadros, "but we have the advantage of being the only Portuguese station in the area and we are out there in the community." The station is especially active, he said, in promoting cultural events. "We invite potential sponsors to be our guests in cultural events we sponsor," he said.

Karl Rene DeRouen has worked at KEUN(AM) Eunice, La., for 32 years. Ten years ago, along with other investors, he bought the Cajun-formatted radio station.

Said DeRouen: "We were playing Cajun when Cajun wasn't cool. One, because our listeners love it, and two, because fiscally it is a sound decision." The station, he added, finds it "easy" to sell Cajun. The station broadcasts two live remotes per week, said DeRouen, one from a "combination feed store/cocktail lounge, and one from a Cajun saloon and gumbo house."

As with other stations featured here, KEUN does not participate in or show up in any ratings. "We do our own in-house research," said DeRouen, "and we've found we have a fiercely dedicated audience. Some listeners say they never turn the radio off, they listen to our static all night and wake up with us signing on in the morning." -tc

AIRWAYS

Jeff Warshaw: Finding the Universal sound

Mineola, N.Y.-based group owner Universal Broadcasting has been programing multi-cultural radio stations for over 20 years. According to Jeff Warshaw, vice president of the group: "The way that we do it, we do not produce our own programing. We broker the time out to foreign language brokers or whoever wants to buy the time. They produce their own programing."

Jeff Warshaw

Universal is owned by Marvin Kosofsky and Howard and Miriam Warshaw, Jeff Warshaw's parents. Currently the group operates four AM's and three FM's, including inspirational, ethnic outlet KPPC(AM) Pasadena, Calif.; ethnic, heavy metal WVVX(FM) Highland Park, Ill.; Black, religious WGRT(AM) Indianapolis, Ind., and religious, Black Gospel WTHE(AM) Mineola, N.Y.

WVVX, in addition to its regular format categorization, carries special programing such as Polish, Caribbean, Ukrainian, Irish, Scottish, Armenian, East Indian and Latvian shows. Special programing on WTHE includes German, Gyanese and Haitian shows.

In essence, said Warshaw, the system is similar to the one many religious stations use to stay in business. "People buy the time and do whatever they want with it—within the guidelines of what is legal and so on," he said. The process entails making the time available to people that want to buy it, he said, and they produce their own shows. "They have their loyal followings and their loyal advertisers," said Warshaw. "And they have a niche."

He noted, however, that at no time does Universal turn the operation of the station over to the independent producers. "They provide us with the tapes and we run them ourselves," Warshaw said. "Always somebody from the station is running the control board."

Broadcasters that can gain the most advantage from a multi-cultural format, said Warshaw, are those whose signal does not cover the market as competitively as those of other stations. "If you do not have a signal that covers the market as well as some of the other broadcast outlets," he said, "it is very difficult to compete with them head-to-head. And as far as going after ratings and going after the same types of advertisers they can target, it is not always doable."

In most instances, multi-cultural stations do not participate in any of the ratings surveys and sell the concept of community heritage, culture and news. He cites as an example a Russian show. "They play Russian music and have Russian news and they attract the merchants trying to reach Russian consumers—say a Russian bakery or a Russian newspaper or whatever," he said.

Many stations also will conduct their own research for in-house use. Another way to sell the concept, said Warshaw, is getting the advertisers and potential advertisers out on the streets with the station. "If there is a German parade, for example, we have to be there covering it, obviously, because it is important that we continue to service the people that listen to us," he said. "One of the things that makes it appealing to local businessmen to get involved with the radio station is getting the power of the radio station behind them," he said.

In addition to serving as a selling point to advertisers, keeping the radio station in sync with the various ethnic groups that make up a community gives the stations an advantage in the public affairs and news arenas. Much of the success of many of these multi-cultural stations can be attributed to the desire by the listeners to keep their ties to their homeland, said Warshaw, and, just as important, to keep their children exposed to their heritage and cultural background, he said.

"We do public affairs," said Warshaw, "as much if not more than any other radio station. We have our news and our public affairs programing and we [Universal] program these in English."

Some stations even import news from the home countries of the ethnic groups they serve. -tc

BUSINESS

INDEPENDENT TV STATIONS ATTRACTIVE TO BUYERS

Station trading market is slow, but independents selling at quicker pace; buyers cite opportunity for growth

Although in general the station trading market is dreary, there have been a fair number of both large and small deals for independent stations in the last 12 to 18 months that may indicate that while affiliates may be a safe equity bet, buyers are gambling with independents, where there is more room for growth.

To buy, you need money, and senior lending is hard to obtain. Banks, according to some Fifth Estate observers, are willing to lend about six times cash flow. Most sellers of independents are looking for 12 times cash flow, while buyers do not want to go past nine times cash flow. With that gap, there have been some stations that have been on the block for quite some time. And, as might be expected, the multiples eventually level off.

"The station trading picture is bleak everywhere," said Thomas Buono, president of Broadcast Investment Analysts Inc., "but there seems to be more upside with these independents." From a banker's perspective, affiliates are still very attractive, Buono said, "but from an equity standpoint, independents have more of a chance to grow."

Barry Baker, president and CEO of River City Television, owners of UHF stations KDNL-TV St. Louis and KABB(TV) San Antonio, Tex., agreed with Buono's assessment. Baker, who purchased both his stations last year for $21.5 million and $11.5 million, respectively, told BROADCASTING: "Many bankers find that affiliate portfolios are showing the revenue increases that Fox and independents have. Some affiliates, he said, have been hurt by cost increases for *Oprah* and *Entertainment Tonight* and possibly overpaying for *Wheel of Fortune* and *Jeopardy!*.

Despite the seemingly promising independent market, there are stations in softer markets that have been on the block for some time without attracting solid offers.

Group owners that have purchased at least one independent station during that time period include Clear Channel Communications, Renaissance Communications, ABRY Communications and River City Broadcasting.

Over the last 18 months, Clear Channel has purchased WAWS(TV) Jacksonville, Fla., for $8 million; KTTU-TV Tucson, Ariz., for $8.5 million and, most recently, KSAS(TV) Wichita, Kan., for $7.9 million. All three stations are UHF's, are outside the top 50 markets, and are turnaround properties. Clear Channel, according to Chairman L. Lowry Mays, is under-leveraged compared to other companies and has an open line with its lead bank, NCNB, Dallas, that provides them with about 5.5 times the cash flow of the station being purchased. The rest, Mays said, comes from equity.

ABRY Communications, according to partner Andrew Banks, takes a different approach when buying a station. ABRY currently owns WNUV-TV Baltimore and WIII(TV) Cincinnati and has plans to acquire KZKC Kansas City, Mo.; WTTO(TV) Birmingham, Ala., and WCGV(TV) Milwaukee. Banks and his partner, Royce Yudkoff, began looking at independents over six years ago and, according to Banks, "waited patiently for over five years to acquire our first station." Most people, Banks said, first learn that a station is available and commit to a deal and then raise the financing and buy it. "Ours was the mirror image: First, we determined what we would do to turn these stations around and then we established strong equity and financing. Then, we looked for deals that may become available." Part of the plan for WNUV(TV) Baltimore (channel 54) included a new signal which now covers all of Baltimore and reaches Washington. The station is also starting to do

INVESTING IN INDEPENDENTS

Station	Buyer	Purchase Price	Previous Purchase Price
WUAB(TV)	Cleveland Cannell Comm.	$60 M (1990)	$12.5 M (1977)
KTXL(TV)	Sacramento Renaissance Comm.	$56 M (1989)	NM
KSTU(TV)	Salt Lake City Fox Television Stations Inc.	$41 M (1989)	$30 M (1987)
WTTO(TV)/WCGV-TV	Birmingham/Milwaukee ABRY Comm.	$40 M (1990)	$30.1 M (1986)
WHNS(TV)	Asheville,N.C. Cannell Comm.	$21 M (1989)	$206,000 (1979)
[illegible]	ABRY Comm.	$20 M(1989)	NM
WPMT-TV	York,PA Renaissance Comm.	$13.5 M (1990)	$13.85 M
KABB(TV)	San Antonio River City Comm.	$11.5 (1989)	NM
WTVZ-TV	Norfork, VA TVX Broadcast Group	$10.75 M (1989)	NM
WYAH-TV	Portsmouth, VA Centennial Comm.	$10 M (1989)	NM
WDKY(TV)	Danville, KY MMC Television Corp.	$9.5 M (1989)	$25,000* (1985)
WIII(TV)	Cincinnati, Ohio ABRY Comm.	$8 M (1989)	$9.44 M (1984)
WAWS(TV)	Jacksonville, Fla. Clear Channel Comm.	$8 M (1989)	POA(1981)
KOKI-TV	Tulsa, Okla. Clear Channel Comm.	$6.07 M (1989)	NM
WNOL-TV	New Orleans, LA. Quincy Jones Broadcasting	$7 M (1989)	13.7 M (1986)
WZDX(TV)	Huntsville, Ala. Huntsville Television Acq. Corp.	$6.1 M (1989)	NM

NM—No meaning. Station was either put on air by seller or latest purchase price was not suitable for comparison.
* station not on air when bought.

better against Fox affiliate WBFF (channel 45).

Traditional methods of valuing a station such as multiples of cash flow do not always play a part in buying an independent. "Most deals today are being made with some fancy financial arrangements," said Bill Schwartz, president and CEO of Cannell Communications, which recently announced agreements to purchase WUAB(TV) Cleveland for $60 million and WHNS(TV) Asheville, N.C., for $21 million. The Asheville deal also includes all film and television barter commitments.

"In many cases," Schwartz said, "you are trying to normalize through a long-term agreement film costs that have gotten inflated and have eaten away at the cash flow."

Buyers of UHF independent stations may get additional viewership from cable reregulation. Independents on the high end of the UHF spectrum could find themselves with better channel positioning in a lower tier. "As cable moves Fox affiliates and independents to lower tiers in response to registration, the gap between VHF and UHF continues to narrow," said Baker. **-JF, PJS**

TAKING STOCK OF BROADCAST-ONLY CABLE

Regulation raises profile of low-cost basic broadcast tier

Congress will probably mandate it, the FCC will decide it and some MSO's are worried about it. The "it" is the regulation of a broadcast-signal tier, the possibility of which some MSO's are indirectly acknowledging by moving cable networks onto other tiers that would presumably not be regulated.

It is too early to know whether a broadcast-only tier would be capped at $8 per month, $10, or whether there would be any cap at all. The proposed legislation from the House Commerce committee on the matter says only that "Cable operators would be required to provide a basic service tier consisting, at a minimum, of local broadcast signals and PEG access programing. The FCC would establish a formula for determining the maximum price cable operators could charge for such a tier."

The Senate version restricts FCC involvement to those markets where "the commission finds that a cable system is not subject to effective competition," in which case it directs the FCC to "ensure that the rates for the provision of basic cable service, including [fees] for the installation or rental of equipment used for the receipt of basic service, are reasonable."

Securities analysts who follow the MSO stocks have generally downplayed the significance of a regulated basic tier, calling it one of the less important issues compared to vertical integration and ownership caps.

But at least some cable operators are concerned. The copy for ads such as one run recently by American Movie Classics plays off such fears: "[I]t seems imminent that either Congress or the FCC will soon require you to create and offer a 'lifeline' tier. What's more, they're going to tell you how much to charge for it."

The impact of such regulation on MSO's would be affected, in part, by the price-consciousness of cable subscribers, a subject that economists talk about as price "elasticity." Tele-Communications Inc. commissioned one of the only recent studies on the subject from Robert W. Crandall, a senior fellow at the Brookings Institution. Crandall found, using data from TCI systems, that a 1% increase in basic cable rates would on average lead to just over a 2% decline in subscribers. Within a modest range, he told BROADCASTING, that price elasticity would also apply to a lowering of rates, implying that a lower-cost tier might draw some subscribers.

> ***"Obviously, the cable industry doesn't want a significant percentage of the public taking 'lifeline' services.... It is provided more for cosmetic purposes."***
>
> ***—Michael Wirth, University of Denver***

The question is more than one of price, however, since a broadcast tier would contain few, if any, cable networks. Some cable operators themselves may doubt how highly the basic cable networks are valued and so have priced broadcast-only tiers at just a slight discount. Warner, for instance, has an 11-channel tier containing broadcast signals plus C-SPAN and the Learning Channel in Altoona, Pa., for which it charges $12.95. That compares to the full basic package whose additional 19 channels are, in effect, priced at cost—two dollars, for a total of $14.95 per month. In the month since the system has instituted the change, only five of 32,000 subscribers have downgraded.

Similarly, American Television & Communications offers a nine-channel broadcast tier for $14.95 in areas being rebuilt in its Charleston, W.Va. system. That compares to $15.95 for a 19-channel service in older parts of the system and a 40-channel tier in the rebuilt areas for which it is charging $19.95 per month. System manager Bill Farmer said that the price of the broadcast tier includes the costs of capital equipment, maintenance, overhead and other items.

In addition to minimizing price savings, cable operators also have other disincentives to discourage "downgrading" to a broadcast-tier. Simmons Communications, for instance, charges customers who want to switch to a broadcast tier $30 to $40, said to cover the cost of the traps and truck "roll." The tier averages about $15; adding the cable networks costs subscribers one to two dollars more. Bob Russman, vice president of marketing, said that on May 1 about 250,000 subscribers were notified of the broadcast tier and 200 have downgraded so far.

The downgrade costs are over two times as great in Los Angeles, where Continental Cablevision charges $100—to cover costs, it said—for subscribers wishing to switch to a $2.10-per-month broadcast tier, which also contains some public access channels.

Tom Hazlett, an economist at the University of California, Davis, said that discouraging "downgrading" can take other forms as well. He cited a published report two years ago in which cable TV officials in Sacramento, Calif., admitted their salespeople generally did not describe a low-cost $2.20 broadcast tier—compared to $13.50 (now $18.50) for expanded basic—to customers unless

CHANGING HANDS

This week's tabulation of station and system sales ($250,000 and above)

WMJJ(FM) Birmingham, Ala. □ Sold by Capital Broadcasting Corp. to Ameron Broadcasting for $16.5 million (see "Closed Circuit," June 18). Station was acquired in Dec. 1982. **Seller** is headed by Kenneth S. Johnson and has interest in WKSJ-FM Mobile and WKSJ(AM) Prichard, both Alabama; WRKA(FM) St. Matthews, Ky.; WTRG(FM) Rocky Mount, N.C., and WGFX(FM) Gallatin, Tenn. Capital has sold KQFX(FM) Georgetown, Tex., and WCAW(AM)-WVAF(FM) Charleston, W.Va. ("Changing Hands," May 14). **Buyer** is headed by Joseph Dorton, who is Radio Advertising Bureau board member and former Gannett Radio president. WMJJ(FM) has adult contemporary format on 96.5 mhz with 100 kw and antenna 1,027 feet. *Broker: Blackburn and Co.*

KBUL(FM) Carson City, Nev., and WAVH(FM) Mobile, Ala. □ Sold by Marathon Communications Inc. to Atmor Properties Inc. for assumption of approximately $5.5 million debt. Stations were acquired in 1988. **Seller** is headed by Patrick Shaughnessy and has sale of KHAT-AM-FM Lincoln, Neb., to Tate Communications for $1.325 million pending. **Buyer** is subsidiary of AT&T Credit. Corp., and is headed by T.C. Wajnert, R.B. Lasken, C.S. Whittaker, and J.H. Krollfeifer, and has no other broadcast interests. KBUL(FM) has country and western format on 98.1 mhz with 75.9 mhz and antenna 2,273 feet above average terrain. WAVH has oldies format on 96.1 mhz with 100 kw and antenna 1,141 feet.

PROPOSED STATION TRADES

Station deals last week: **18**
Dollar value: **$33,550,571**
1990 station deals: **451**
1990 value: **$1,218,650,040**

WERC(AM) Birmingham, Ala. □ Sold by SunGroup to Ameron Broadcasting Inc. for $4.2 million. Station was acquired in 1972. **Seller** is headed by Frank A. Woods. SunGroup will continue operating WKXX-FM Birmingham and has interest in WOWW-FM Pensacola and WGNE(FM) Titusville, both Florida; KESY-AM-FM Omaha; KKSS(FM) Santa Fe; KMJJ(FM) Shreveport, La., and KKYS(FM) Bryan, KWFS(FM) Wichita Falls, KEAN-AM-FM Abilene and KYKX(FM) Longview, all Texas. **Buyer** is headed by Joseph Dorton (see WMJJ[FM] Birmingham, Ala., above). WERC is fulltimer with news and talk format on 960 khz with 5 kw.

KSOO(AM)-KPAT(FM) Sioux Falls, S.D. □ Sold by KSOO Radio Inc. to T&J Broadcasting Inc. for $2.4 million. Price includes $1.15 million cash at closing, $500,000 promissory note payable in 13 years at 9%. Stations were acquired in November 1972. Seller is headed by Joseph and Sylvia Henkin, and has no other broadcast interests. Buyer is headed by Thomas E. Ingstad and Randy Holland, who have interest in KBMW(AM)-KLTA-FM Brechenridge, Minn.; KIT(AM)-KATS(FM) Yakima, Wash.; KXIC(AM)-KKRQ(FM) Iowa City, Iowa; KIMM(AM) Rapid City, S.D.; KFKA(AM)-KSQI-FM Greeley, Colo., and KPXR-FM Anchorage, Alaska. KSOO has MOR format on 1140 khz with 10 kw day and 5 kw night. KPAT has adult contemporary format on 97.3 mhz with 60 kw and antenna 221 feet.

KDLM(AM)-KKDL-FM Detroit Lakes, Minn. □ Sold by Grignon Radio Inc. to Leighton Enterprises Inc. for $1.41 million. Price includes $1,000 deposit, $119,000 cash at closing, $50,000 interest free promissory note payable in five years, and assumption of $1.24 million of debt. Stations were acquired in June, 1987. Seller is headed by Ro D. Grignon and has no other broadcast interests. **Buyer** is headed by Alver Leighton, Clyde Johnson and James Abbey and has interest in KCLD-AM-FM St. Cloud, Minn.; KOUR-AM-FM Independence KNIA(AM)-KRLS-FM Knowville, both Iowa. Leighton and Johnson have interest in Washington Radio Inc., licensee of KCII-AM-FM Washington, Iowa, and SS Broadcasting Inc., licensee of KYCK-FM Crookston, MN. KDLM is fulltimer

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venture Two Inc., licensee of WKEE-AM-FM Huntington, WV, and Adventure Four Inc., licensee of WSIC(AM)-WFMX(FM) Statesville, NC. Michael R. Shott owns 49% of Adventure Three Inc., permittee of WBJY-FM Wheeling, WV. Action June 8.

NEW STATIONS

Applications

■ **Baker, CA** (BPH900607MA)—Baker Broadcasting Co. seeks 101.5 mhz; 4.6 kw; ant. 1,289 ft. Address: 2322 S. Second Ave., Arcadia, CA 91006. Principal is headed by Joel T. Saxberg and Joseph E. Talbot and has no other broadcast interests. Filed June 7.

■ **Baker, CA** (BPH900607ME)—Dulos Broadcasting Inc. seeks 101.5 mhz; 50 kw; ant. 492 ft. Address: 9111 Pristine Circle, Orlando, FL 32818. Principal is headed by Anthony Renay Adams, Denise Folse Adams, Henry L. Marine and Ruby L. Ford and has no other broadcast interests. Filed June 7.

■ **Lompoc, CA** (BPH900522MH)—Noe-Wal Broadcasting seeks 104.9 mhz; 3 kw; ant. 328 ft. Address: 5146 Onacrest Dr., Los Angeles 90043. Principal is headed by John W. Smith Jr. and has no other broadcast interests. Filed May 22.

■ **Warner Robins, GA** (BPH900530MF)—Warner Robins Communications Inc. seeks 102.5 mhz; 3 kw; ant. 328 ft. Address: 2361 Kensington Rd., Macon, GA 31211. Principal is headed by Charles E. Richardson and Obi and Esther Okehi and has no other broadcast interests. Filed May 30.

■ **Warner Robins, GA** (BPH900531MC)—Voice North Inc. seeks 102.5 mhz; 4 kw; ant. 328 ft. Address: 125 Holly St., Warner Robins, GA 31093. Principal is headed by John Norville, Andrew J. Guest and Troy Mattox. Guest and Mattox each own 50% of Mattox Guest Broadcasting Inc., licensee of WKUB(FM) Blackshear and WDEC-AM-FM Americus, both Georgia, and WCOG(AM)-WZBZ(FM) Ridgeland, SC. Filed May 31.

■ **Bolingbroke, GA** (BPH900529MD)—Q3 Corp. seeks 102.1 mhz; 3 kw; ant. 328 ft. Address: P.O. Box 71, Bolingbroke, GA 31004. Principal is headed by Quimby and Louisa Melton III, and has no other broadcast interests. Filed May 29.

■ **Bolingbroke, GA** (BPH900530MG)—Leslie E. Gradick seeks 102.1 mhz; 3 kw; ant. 328 ft. Address: 32 Saddle Mountain Rd., Rome, GA 30161. Gradick has no other broadcast interests. Filed May 30.

■ **Bolingbroke, GA** (BPH900530ME)—Donald L. Jones seeks 102.1 mhz; 3 kw; ant. 328 ft. Address: 3017 Piedmont Rd., NE, #200, Atlanta 30305. Jones holds CP's for LPTV's at Daytona Beach, Cocoa, Titusville and Sebastian, all Florida, and has interest in WAOS(AM) Austell, GA. Filed May 30.

■ **Bolingbroke, GA** (BPH900531ME)—Joseph I. Kendrick seeks 102.1 mhz; 3 kw; ant. 328 ft. Address: P.O. Box 300, Bolingbroke, GA 31004. Kendrick has no other broadcast interests. Filed May 31.

■ **Streator, IL** (BPH900516MJ)—Daugherity-Reagan Partnership seeks 106.1 mhz; 3 kw; ant. 328 ft. Address: 25 Boys Rd., Streator, IL 61364. Principal is headed by Caroline A. Daugherity and Joseph F. Reagan and has no other broadcast interests. Filed May 16.

■ **Stamping Ground, KY** (BPH900607MC)—Scott County Broadcasting Inc. seeks 99.1 mhz; 3 kw; ant. 328 ft. Address: 11 E. Main St., Georgetown, KY 40324. Principal is headed by Patrick R Leigh, Mark Farrow and James P. Gray and has no other broadcast interests. Filed June 7.

■ **Slidell, LA** (BPCT900518KO)—Unicorn/Slidell LPTV seeks ch. 54; 14 kw; ant. 498 ft. Address: 1536 Logan Ave., Altoona, PA 16602. Principal is headed by Caroline K. Powley. Filed May 18.

■ **Bridgman, MI** (BPH900510IS)—Dybedock and Associates Inc. seeks 97.5 mhz; 3 kw; ant. 328 ft. Address: 1455 Budd Blvd., Kankakee, IL 60901. Principal is headed by Howard S. and Charlene H. Dybedock. Howard Dybedock is director of Michigan City FM Broadcasters Inc., licensee of WEFM-FM Michigan City, IN. Filed May 10.

■ **Winona, MN** (BPH900514MD)—James Ingstad Broadcasting Inc. seeks 101.1 mhz; 1.9 kw; ant. 574 ft. Address: 232 3rd St. Northeast, Valley City, ND 58072. Principal is headed by James Ingstad, who has interest in KNUJ(AM)-KXLP-FM New Ulm and KRFO-AM-FM Owatonna, both Minnesota; holds CP for new FM at Springfield, MN; KOVC-AM-FM Valley City, ND; KWAD(AM)-KKWS-FM Wadena, MN, and KFKA(AM)-KSQI(FM) Greeley, CO. Filed May 14.

■ **Winona, MN** (BPH900514MJ)—Winona Radio Co. seeks 101.1 mhz; 2.25 kw; ant. 544 ft. Address: 2405 Fawn Ln., Green Bay, WI 54307. Principal is headed by Ahna M. Wheeler and Ray L. Wheeler, who have interests in WOMA-FM Algoma and WOWM-FM Shawano, WI, and WJNR-FM Iron Mountain, MI. Filed May 14.

■ **Winona, MN** (BPH900514ML)—R and B Partnership seeks 101.1 mhz; 1.89 kw; ant. 593 ft. Address: 3715 First Pl., NW, Rochester, MN 55901. Principal is headed by George A. Braunreiter and Richard Radke and has no other broadcast interests. Filed May 14.

■ **Chateaugay, NY** (BPH900518MN)—Vector Broadcasting Inc. seeks 94.7 mhz; 1.703 kw; ant. 610 ft. Address: P.O. Box 36, Fairfield, CT 06430. Principal is headed by Timothy D. Martz and Richard J. Young. Martz is 90% shareholder of Zephyr Broadcasting, permittee of WNZL(FM) Norway, MI. Filed May 18.

■ **Conklin, NY** (BPH900514MK)—Terri L. English seeks 100.5 mhz; 1.3 kw; ant. 186 ft. Address: 30 Merriman St., Rochester, NY 14607. English has no other broadcast interests. Filed May 14.

■ **Endwell, NY** (BPH900515ME)—Maurice F.A. Battisti seeks 107.5 mhz; 3 kw; ant. 328 ft. Address: 314 Skye Island Dr., Endicott, NY 13760. Battisti has no other broadcast interests. Filed May 15.

■ **Endwell, NY** (BPH900516ML)—Great Scott Broadcasting seeks 107.5 mhz; 3 kw; ant. 328 ft. Address: P.O. Box 638, Pottstown, PA 19464. Principal is headed by Faye Scott, Elmer S. Friedberg and Harold Litvin, and has interest in WKST(AM) New Castle,

SUMMARY OF BROADCASTING & CABLE

BROADCASTING

SERVICE	ON AIR	CPs [1]	TOTAL *
Commercial AM	4,981	250	5,231
Commercial FM	4,282	859	5,141
Educational FM	1,425	278	1,703
■ Total Radio	10,688	1,387	12,075
Commercial VHF TV	549	19	568
Commercial UHF TV	550	188	738
Educational VHF TV	124	4	128
Educational UHF TV	225	22	247
■ Total TV	1,448	233	1,681
VHF LPTV	300	205	505
UHF LPTV	457	1,508	1,965
■ Total LPTV	757	1,713	2,470
FM translators	1,831	301	2,132
VHF translators	2,721	123	2,844
UHF translators	2,211	395	2,606

CABLE

Total subscribers	53,238,000
Homes passed	73,900,000
Total systems	9,500
Household penetration†	57.8%
Pay cable penetration	29.7%

* Includes off-air licenses. † Penetration percentages are of TV household universe of 92.1 million. [1] Construction permit. [2] Instructional TV fixed service. [3] Studio-transmitter link. Source: Nielsen and Broadcasting's own research.